

3 January 2025

Herald Investment Trust plc

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Posting of Circular and Notice of Requisitioned General Meeting

BOARD RECOMMENDATION TO VOTE AGAINST ALL RESOLUTIONS

The Board of Herald Investment Trust plc (the "**Company**") announces that it has today posted a circular (the "**Circular**") setting out details of the Company's response to the letters and accompanying notices dated 18 December 2024 from Barclays Capital Securities Client Nominees Limited, acting as nominee of Saba Capital Management, L.P., and why the Board believes Shareholders should **VOTE AGAINST ALL** of the proposed Requisitioned Resolutions.

The Circular contains a Notice of Requisitioned General Meeting to be held at 10-11 Charterhouse Square, London EC1M 6EE on 22 January 2025 at 12 noon.

Unless the context provides otherwise, words and expressions defined in the Circular shall have the same meanings in this announcement.

Why you should reject Saba's Demands and VOTE AGAINST the proposed Requisitioned Resolutions

KEY CONSIDERATIONS

Your Board believes that it is in the best interests of Shareholders as a whole to support your Company by **VOTING AGAINST** the Requisitioned Resolutions for the following reasons:

- **Herald's investment performance:** Herald is a specialist investment company that has delivered outstanding investment performance for its Shareholders, as set out in the table below and further described on pages 9 to 10 of the Circular.

	5 years (%)	10 years (%)	Since Saba's Inception on 1 April 2009 (%)	Since the Company's inception on 16 February 1994 (%)
Herald's NAV total return	48.9	205.4	865.1	2,611.6 ⁽¹⁾
Herald's Share price total return	64.2	268.7	1,153.0	2,800.7 ⁽²⁾
Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index total return	6.6	62.4	336.2	619.8
Russell 2000 Technology Index (small cap) total return	73.9	309.2	1,149.4	792.4 ⁽³⁾
Saba comparator	? ⁽⁴⁾	? ⁽⁴⁾	? ⁽⁴⁾	N/A

Source: LSEG Datastream. Data to 31 December 2024 (being the latest practicable date for this data). Total return calculations assume dividend reinvestment as at the ex-dividend date. All figures are unaudited. Past performance is not a reliable indicator of future results.

- (1) Herald's NAV total return based on 98.7 pence per Share (100 pence subscription price less launch costs of 1.3 pence) invested at inception, excluding warrants.
- (2) Herald's Share price total return based on 90.9 pence per Share, the capital gains tax base subscription price for Shareholders adjusted for warrants, which were issued on a 1 for 5 basis.
- (3) Russell 2000 Technology Index (small cap) total return performance since 31 March 1996 (the date that the Company began investing globally).
- (4) Despite its claims in respect of its performance track record as a fund manager, Saba has failed to provide evidence of Saba having a long-term track record similar or equal to that of your Company in its statement to Shareholders (contained in Part 3 of the Circular).

The Board believes that, since its inception, Saba has materially underperformed Herald. Since Saba's Inception in April 2009, Herald has produced a NAV total return of over 865 per cent. You should VOTE AGAINST the Requisitioned Resolutions to avoid losing the opportunity to remain invested in Herald's strategy, which has been highly successful over the long term.

- **Saba's opportunistic proposal to take control:** Your Board believes the Requisition is part of a campaign by Saba to take control of your Company. Your Board believes that only **VOTES**

AGAINST the Requisitioned Resolutions can protect Shareholders' interests.

- Your Board believes that if Saba gains control and seeks to implement a different strategy, significant value could be lost for Shareholders as a result of forced selling of parts of the Portfolio.
- In recent weeks, Saba has been building its interests in the Company whilst Shares have traded at very low single figure discounts. Your Board believes this may demonstrate that Saba wishes to take control of your Company for its own economic benefit rather than due to concerns about the Company's performance or share rating.
- Saba has stated that it intends to propose that Saba be appointed as the manager to pursue its own investment strategy, which is expected to be focused on the short-term and fundamentally different from your Company's current investment policy. However, Saba has failed to provide concrete details of these plans and the terms upon which it would be appointed.

You should VOTE AGAINST the Requisitioned Resolutions to protect the value of your investment and to ensure Saba does not take control of your Company for its own economic benefit.

- **Herald's strong, independent Board and high standards of corporate governance:** Saba's Proposed Appointees either work for or have been nominated by Saba. They are **not** considered to be independent and, therefore, may not have your best interests at heart. Saba has given no assurance that the current safeguards for Shareholders, described on pages 10 to 12 of the Circular, will be retained if Saba and the Proposed Appointees take control. **You should VOTE AGAINST the Requisitioned Resolutions to ensure that your Company retains a fully independent Board focused on protecting Shareholders' interests.**
- **Herald's investment outlook:** The technology sector is experiencing a particularly dynamic phase. Drivers include: (i) the rapid acceleration of computational power and data analytical capabilities enabling new products and services driven by artificial intelligence, and other disruptive technologies; (ii) the journey to net zero; and (iii) an unstable world geopolitically leading to innovation in the defence and cybersecurity sectors, amongst others. Investments in the Company's target companies often start small and need to be nurtured to enhance value for Shareholders. **You should VOTE AGAINST the Requisitioned Resolutions to remain invested in the Company's distinctive investment strategy.**

For these reasons, and those set out below, your Board recommends unanimously that all Shareholders **VOTE AGAINST** each of the Requisitioned Resolutions.

The proposals are not in the best interest of all Shareholders; the Board recommends VOTING AGAINST the Requisitioned Resolutions at the Requisitioned General Meeting.

Andrew Joy, Chairman of Herald Investment Trust plc, said:

"Since launch in 1994, Herald Investment Trust's investment strategy has delivered outstanding investment performance and substantial returns for its Shareholders, and its offering is both successful and unique in the UK listed investment company sector. The Board believes Saba wishes to take control of the Company for its own economic benefit and to change the Company's investment strategy, which your Board believes could result in significant value being lost for you, our Shareholders. We have outlined in the Circular posted today why the proposals from Saba are not in the best interests of all Shareholders, and we strongly urge all Shareholders to VOTE AGAINST the Requisitioned Resolutions proposed."

A copy of the Circular has been submitted to the National Storage Mechanism and will shortly be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and on the Company's website at <https://defence.heralduk.com>.

Investors who hold their Shares through an investment platform provider or nominee are encouraged to contact their investment platform provider or nominee as soon as possible to arrange for **VOTES AGAINST** each of the Requisitioned Resolutions to be lodged on their behalf. Further information on how to vote through platforms can be found at the following link: <https://www.theaic.co.uk/how-to-vote-your-shares>

Expected Timetable of Principal Events

Date of Receipt of Requisition Letter	18 December 2024
Date of the Notice	3 January 2025
Latest time and date for lodging Forms of Proxy or submitting proxy instructions electronically (either through Link Investor Centre, CREST or Proxymity) in respect of the Requisitioned General Meeting	12 noon on 20 January 2025

Record time and date for entitlement to vote at the Requisitioned General Meeting	6.00 p.m. on 20 January 2025
Requisitioned General Meeting	12 noon on 22 January 2025

For further information please contact:

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